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# ANNUAL REPORT 1964









**Board of Directors**

D'ARCY F. McCONVEY, *Chairman*

ROBERT A. DAVIES, Q.C.

ROBERT C. DOLPHIN

ROBERT HARTOG

KENNETH D. MOONEY

DAVID S. RATTRAY

ROBERT D. TELFER

**Officers**

D. F. McCONVEY, *President*

R. C. DOLPHIN, *Vice-President and Secretary*

J. HAMMER, *Comptroller*

**Transfer Agent**

THE CANADA TRUST COMPANY

Toronto, Ontario

**Bankers**

CANADIAN IMPERIAL BANK OF COMMERCE

Toronto, Ontario

**Legal Counsel**

McDONALD, DAVIES & WARD

Toronto, Ontario

**Auditors**

CLARKSON, GORDON & CO.

Toronto, Ontario

**Offices**

33 TORBARRIE ROAD

Downsview, Ontario



## **Report to the Shareholders of**

# **DALEX CO. LIMITED**

The fiscal year ended September 30th, 1964 resulted in the best profits in the history of the Company.

Net profit after deduction of \$21,323 for amortization of excess of cost of shares of Dalex Industries Ltd. over net book value of assets acquired was \$93,371 compared to \$60,940 for the preceding year.

The surplus account increased by \$73,090 after payment of \$20,281 of dividends on preference shares.

During a similar fiscal period National-Dalex (1961) Ltd. in which we hold a 50% interest, earned a net profit of \$20,287.

The first quarter of our current fiscal year shows improvements in sales and profits over the same quarter last year.

The current year should show an improvement in sales and profits before taxes. However, it will be difficult to show improvement in after-tax profits compared to last year.

A new and larger office and warehouse building has been purchased by the Company. It is located on the east side of Highway 400, a few hundred yards north of Highway 401. As it contains almost twice the space we presently occupy at approximately half our present cost, it should result in appreciable savings in operating costs.

D'ARCY F. McCONVEY  
*President*

February 10, 1965



**DALEX CO.**

and its subsidiaries

**CONSOLIDATED****September**

(with comparative figures for 1963)

**ASSETS**

	1964	1963
<b>CURRENT:</b>		
Cash .....	\$ 197	\$ 15,111
Accounts receivable—trade .....	\$ 721,520	
—other .....	7,937	
	<u>729,457</u>	
Less allowance for doubtful accounts .....	39,100	690,357
Inventories, valued at the lower of cost or net realizable value—		
Equipment and motors .....	298,093	
Parts and accessories .....	170,169	
Supplies .....	51,395	519,657
Prepaid expenses .....	13,044	10,024
Total current assets .....	<u>1,223,255</u>	<u>1,269,442</u>
<b>INVESTMENT IN AND ADVANCES TO ASSOCIATED COMPANY (50% owned) at cost:</b>		
Shares .....	500	
Advances .....	<u>40,000</u>	40,500
		40,500
<b>FIXED:</b>		
Plant, office and automotive equipment—at cost .....	146,225	
Less accumulated depreciation .....	<u>84,482</u>	61,743
		57,628
<b>UNAMORTIZED EXCESS OF COST OF SHARES OF A PARTIALLY-OWNED SUBSIDIARY COMPANY OVER NET BOOK VALUE OF ASSETS ACQUIRED .....</b>	<u>36,500</u>	<u>57,823</u>
	<u>\$1,361,998</u>	<u>\$1,425,393</u>

The accompanying notes should be read in connection with these financial statements.

**AUDITOR'S REPORT**

To the Shareholders of DALEX CO. LIMITED:

We have examined the consolidated balance sheet of Dalex Co. Limited and its subsidiaries as at September 30, 1964, and the consolidated statement of earnings, surplus and consolidated source and application of funds for the year ended September 30, 1964, and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion, the statements mentioned above present fairly the financial position of Dalex Co. Limited and its subsidiaries as at the end of the year, and the factors giving rise to changes in the working capital during the year, in accordance with the accounting principles applied in the preceding year.

Toronto, Canada.  
December 18, 1964.



# LIMITED

y companies

## ALANCE SHEET

30, 1964

at September 30, 1963)

### LIABILITIES

#### CURRENT:

1964

1963

Due to bankers (against which accounts receivable and inventories have been pledged) .....	\$ 372,169	\$ 403,120
Accounts payable and accrued charges .....	355,722	417,304
Income taxes payable .....	8,500	
Total current liabilities .....	<u>736,391</u>	<u>820,424</u>

#### 4½% NON-CUMULATIVE REDEEMABLE NON-VOTING PREFERENCE SHARES OF A PARTIALLY-OWNED SUBSIDIARY COMPANY NOT HELD BY DALEX CO. LIMITED .....

38,000

38,000

#### SHAREHOLDERS' EQUITY:

##### Capital—

Authorized less purchased for cancellation (note 3):

4,529 7% cumulative redeemable preference  
shares with a par value of \$100  
each redeemable at \$105

60,000 common shares without par value

##### Issued:

2,627 preference shares ..... 262,700

36,400 common shares ..... 10,407

273,107

Contributed surplus ..... 7,915

Earned surplus ..... 306,585

587,607

566,969

On behalf of the Board:

D'Arcy F. McConvey, *Director*

R. D. Telfer, *Director*

\$1,361,998

\$1,425,393

in conjunction with the above statement.

### REPORT

y companies as at September 30, 1964, and the statements of consolidated profit and loss,  
ended on that date. Our examination included a general review of the accounting procedures  
in the circumstances.

ne companies as at September 30, 1964, the results of their operations for the year then  
nce with generally accepted accounting principles applied on a basis consistent with that

CLARKSON, GORDON & CO.

*Chartered Accountants.*

## DALEX CO. LIMITED

### STATEMENTS OF CONSOLIDATED EARNED SURPLUS AND CONTRIBUTED SURPLUS

FOR THE YEAR ENDED SEPTEMBER 30, 1964

(with comparative figures for the year ended September 30, 1963)

#### EARNED SURPLUS

	1964	1963
Balance at beginning of year .....	\$ 233,495	\$ 195,828
Add net profit for the year .....	93,371	60,940
	326,866	256,768
Deduct dividends paid on preference shares .....	20,281	23,273
Balance at end of year .....	<u>\$ 306,585</u>	<u>\$ 233,495</u>

#### CONTRIBUTED SURPLUS

	1964	1963
Balance at beginning of year .....	\$ 6,067	
Add discount on the purchase for cancellation of preference shares .....	1,848	\$ 6,067
Balance at end of year .....	<u>\$ 7,915</u>	<u>\$ 6,067</u>

The accompanying notes should be read in conjunction  
with the above statements.



## DALEX CO. LIMITED

### STATEMENT OF CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED SEPTEMBER 30, 1964

(with comparative figures for the year ended September 30, 1963)

	1964	1963
Sales .....	\$3,999,066	\$3,443,829
Costs, including selling, warehouse, general and administrative expenses .....	<u>3,875,872</u>	<u>3,352,889</u>
Profit before income taxes and other deductions ...	123,194	90,940
Income taxes (note 4) .....	<u>8,500</u>	
Net profit before deducting the following .....	114,694	90,940
Amortization of excess of cost of shares of partially-owned subsidiary company over net book value of assets acquired .....	<u>21,323</u>	<u>30,000</u>
Net profit for the year .....	<u>\$ 93,371</u>	<u>\$ 60,940</u>

The above statement of consolidated profit  
and loss includes the following items:

Depreciation .....	\$ 22,006	\$ 20,375
Directors' fees .....	600	450
Dividends received from associated companies .....		8,044

The accompanying notes should be read in conjunction  
with the above statement.



# DALEX CO. LIMITED

## STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 1964

Funds derived from operations:

Net profit .....		\$ 93,371
Add charges which did not require a cash outlay during the year—		
Amortization of excess of cost of shares of partially-owned subsidiary company over net book value of assets acquired .....	21,323	
Depreciation .....	22,006	43,329
		<u>136,700</u>

Funds applied to:

Purchase fixed assets .....	26,121	
Pay dividends on preference shares .....	20,281	
Purchase preference shares for cancellation .....	52,452	98,854
Increase in consolidated working capital (as indicated below) .....		<u>\$ 37,846</u>

	September 30, 1964	September 30, 1963
Consolidated working capital at—		
Current assets .....	\$1,223,255	\$1,269,442
Less current liabilities .....	736,391	820,424
	<u>\$ 486,864</u>	<u>\$ 449,018</u>
Increase in consolidated working capital .....		<u>\$ 37,846</u>

# **DALEX CO. LIMITED**

and its subsidiary companies

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 1964**

1. The company is contingently liable for guarantees of payments on balances owing to finance companies in the amount of \$485,632.
2. The company occupies its North York premises under a long-term lease extending to March 31, 1969 at an annual rental of \$18,956.
3. During the year the company purchased for cancellation 543 preference shares at an aggregate discount of \$1,848.
4. As a result of the carry-forward of losses from prior years no income taxes were payable on the profit for the year ended September 30, 1963 and income taxes payable for the year ended September 30, 1964 have been reduced by approximately \$43,000.







